

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY LIMA

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FOL TEL SENT SECSTATE INFO CARACAS FROM GUAYAQUIL APRIL 9 TH:

QUOTE: GUAYAQUIL 371

E. O. 11652 N/ A

TAGS: ETRN

SUBJECT: PRUDENTIAL- GRACE, CHILE AND PERU

PASS TO R. BOURDON, MARAD

1. PRUDENTIAL- GRACE AGENTS IN CHILE SERIOUSLY CONCERNED ABOUT PG' S AND THEIR OWN FUTURE DUE TO UNFAVORABLE PORT CONDITIONS, EXCHANGE RATES, AND GOVERNMENT OF CHILE POLICIES. THE COMPANY HAS ALREADY REDUCED ITS NUMBER OF CALLS TO CHILEAN PORTS AND IT IS NOT BEYOND POSSIBILITY THAT FURTHER REDUCTIONS WILL BE MADE. EXCHANGE RATE APPLICABLE PRUDENTIAL- GRACE OF 30 ESCUDOS TO ONE US DOLLAR MAKES IT EXTREMELY DIFFICULT, IF NOT IMPOSSIBLE, TO BREAK EVEN AND AGENT' S COMMISSION IS AN UNREALISTIC 25 ESCUDOS TO ONE US DOLLAR, IN SPITE OF FACT THAT OFFICIAL RATE OF EXCHANGE IS 70 ESCUDOS TO ONE US DOLLAR. PORT CONDITIONS CONTINUE TO BE VERY UNSATISFACTORY DUE PRINCIPALLY TO LACK OF EQUIPMENT AND PARTS, UNCOOPERATIVE LABOR, AND POOR ADMINISTRATION ON PART OF PORT OFFICIALS.

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INTRODUCTION OF LASH IS REPORTEDLY BEYOND ACCURATE PREDICTION
THIS INFORMATION RECEIVED FROM PRUDENTIAL- GRACE AGENTS IN
VALPARAISO ON A CONFIDENTIAL BASIS.

2. PRUDENTIAL- GRACE AGENTS IN PERU ARE ALSO UNCERTAIN AS TO WHAT
THE FUTURE HOLDS IN STORE FOR P- G, AS WELL AS FOR THEM PERSONALLY
ALTHOUGH THEY DO NOT APPEAR AS PESSIMISTIC AS THE AGENTS IN CHILE.
PORT CONDITIONS ARE LESS THAN SATISFACTORY AND LABOR IS NOT
FULLY OR PROPERLY UTILIZED RESULTING IN CONDUCTION AND DELAYS ON
THE DOCKS. THOUGH WE UNDERSTAND THAT FEDERAL MARITIME COMMISSION
HAS RECENTLY APPROVED 50-50 POOLING AGREEMENTS BETWEEN
PRUDENTIAL-
GRACE AND THE PERUVIAN LINE (CPV), AGENTS BELIEVE THAT THE
PERUVIAN GOVERNMENT WILL FIND A WAY OF BYPASSING THE AGREEMENT IN
ORDER TO INSURE CPV GETTING THE MAJORITY OF CARGO. POSSIBILITIES
OF INTRODUCTION OF LASH INTO PERU APPARENTLY AT LEAST TWO YEARS
AWAY UNDER PRESENT CIRCUMSTANCES ALTHOUGH SOME MEANINGFUL TALKS
HAVE TAKEN PLACE ON THE SYSTEM BETWEEN P- G, LABOR, AND GOVERNMENT.
THESE OPINIONS EXPRESSED BY PRUDENTIAL- GRACE AGENT IN CALLAO
ALSO ON A CONFIDENTIAL BASIS. LUBENSKY
UNQUOTE ROGERS

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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